

**Utility Sounding Board (USB) Conference Call Summary  
July 11, 2007**

**USB members in attendance:**

- Van Ashton – Idaho Falls Power/IDEA
- Larry Blaufus – Clark Public Utilities
- Bruce Etzel – Benton REA
- Kevin Howerton – Grays Harbor PUD
- Joe Savage – Emerald PUD
- Dawn Senger – Richland Energy Services
- Jim Wellcome – Cowlitz County PUD
- Kathy Moore - Umatilla Electric/PNGC

*Absent: Randy Thorn – Idaho Power Co.*

**BPA staff in attendance at various times:**

- Karen Meadows
- Lloyd Meyer

**Action Items**

1. Karen will send out an email to USB members reminding them to send suggestions for the Implementation Manual improvements to Mira & Jean.
2. USB members will send their top 3 to 4 ideas for what BPA should be working on in each sector during FY08 to help utilities & the region increase levels of conservation in each sector.
3. USB members requested that the EERs send out USB Agenda or link to the agenda prior to each USB meeting or call.
4. If anyone has heat pump program problems and suggestions, talk to Kevin.

**Agenda Item – Review proposed action plan to address issues/suggestions at last month’s USB brainstorming session on how to optimize the value of the USB**

Add to Mira’s Proposed Changes Memo:

- Have sector brainstorm at the two-day utility networking event. Then these ideas could go to USB for further discussion.
- Rather than sending a letter to new USB members’ mgmt after they are signed on, send something prior to their decision.
- Have USB assist with the due diligence w/spec & willingness to pay for measures. USB members felt it is critical that BPA bring RTF recommendations to the USB so they can provide BPA input on timing or sequencing of changes in measures specifications and incentive levels that will work in the field. Using the USB this way might help avoid a heat pump fiasco in the future. Sometimes a gradual step down in incentive levels may be better than a dramatic change. For example, a gradual reduction of incentives on windows, heat pumps would have been better from a program perspective than the dramatic shift BPA made. It works better if willingness to pay & specifications are set before program launch so there is more stability in the field.

USB members felt several problems with past changes to the residential program may have been avoided by better coordination with the USB such as on issues like:

- Timing on changes to window incentive and specifications
- The decision for BPA to provide incentives on individual measures only rather than packaging of measures for residential.
- Decisions on window specifications for low income vs. non-low income.
- Clarify the RTF Role vs. BPA Role.

A USB member did make the point that in setting incentive levels we are trying to move the market. Another USB member reminded everyone that utilities can choose what they offer in their service territory. If BPA doesn't pay, utility can pay. One USB member suggested that the real issue may be that small utilities don't have enough measures to pay for in the residential sector so they are pushing back on changes BPA has made to residential measure specifications and incentive levels. BPA needs to educate customers to explain why BPA doesn't pay for some of the measures BPA used to pay – why we change on incentives as measures as the market penetration for measures increases and when the products we have been incentivizing are now routinely stocked by retailers.

### **Added Agenda Item: Recent Meeting and Efforts to Improve the Heat Pump Program**

Kevin Howerton and Ottie Nabors brought the USB up to speed on the heat pump meeting held in Goldendale yesterday. The meeting was attended by consultants, members of RTF and other stakeholders. Kevin noted that it was a very productive meeting.

Some utilities are doing okay with the new heat pump program but most utilities feel something is broken.

The purpose of meeting was to figure out how to fix the program, including discussing training procedures for PTCS contractors and how to improve them.

#### Resolutions:

1. The group will make recommendations to improve the training program and procedures.
2. There is a good deal of confusion in the market – we need to clarify procedures. For example, the form being downloaded from the RTF/Council Web site by technicians is on old form. They need to download forms from PTCS site. Agreed upon action item is to clean up RTF site to get old material off.
3. Several stakeholders will put together recommended changes in specifications. The goal is to give a clearer message to field people to eliminate the confusion that currently exists in the market.
4. Modification of training standards will be made to create a master technician (local trainer) who could conduct in-house training to other people in his shop (might look like a master journeyman program) for both duct sealing and heat pumps.
5. The meeting participants want to look at doing more to get HVAC and community colleges to educate trades about quality heat pumps.

### **Issues to be pursued**

- Need to work on how PTCS can fit into HVAC business model. Meeting participants felt we need to avoid just throwing money at the problem.
- Need to determine incremental cost of heat pumps. Kevin noted that his contractors are saying that premium is lower than we are seeing in other areas. Variation of pricing is related to implementation of PTCS standards.
- There are a lot of heat pumps going in that are not efficient – we are not getting high penetration of heat pumps.
- Uncertainty, perception and requirements, confusion in the market are all causing HVAC vendors to jack up pricing. It is not the price of the higher efficiency equipment that is the problem.
- Look into whether or not we can match specifications of state tax credit with BPA specs or heat pumps.

If anyone has heat pump program problems and suggestions, talk to Kevin.

Next week is RTF meeting. Brady will propose that recommended heat pump program changes be presented at September RTF meeting.

Kevin noted that R-22 will go away by 2010. Most manufacturers have already converted their manufacturing lines to the more efficient units. R-410 is standard.

BPA should do a retrospective look at the heat pump process and how to avoid the problems we have had with the changes to this program in the Post 2006 period..

### **Agenda Item: Implementation Manual Improvement Recommendations**

Problem now is that information on a measure or sector is in multiple places in the manual- guidelines in one part of the manual, appendices with willingness and specification to pay are in different parts of the manual. Recommendations discussed include:

- Put all information about a sector in one place.
- Have an index for each section.
- Tabs would be helpful. In existing Salmon book, tabs have table of contents. That is helpful.
- Differences in CRC and CRD and Renewable sections are ok.
- Put information by sector.
- Administration/verification – hard to follow. Information is spread out so have a section on Administration and include information that an auditor will need in that section; clarify requirements; consolidate.

USB Members should e-mail other suggestions for Implementation Manual Improvements to Jean and Mira no later than July 26, 2007.